

HIGHLIGHTS
WEEK ENDING: AUGUST 30, 1991

INDUSTRY WEEKLY VOLUME

- This week's volume of 11.2 billion units was 1.4 billion units above the industry's estimated going rate, 2.3% higher than projected. Volume reflects Labor Day holiday advances.

PM WEEKLY VOLUME & SHARE

- This week's volume of 4.9 billion units was -3.7% below PM's seasonally and holiday adjusted going rate, 7.8% higher than projected. While the majority of accounts have returned to normal purchase levels, a few major accounts continue to exhaust excess inventory from the second quarter price adjustment program.
- Collectively, the trade exhausted approximately 0.2 billion excess units this week bringing the total excess units to 1.4 billion to be liquidated from the second quarter.
- Among the top 100 accounts, 15 continue to purchase significantly below normal this week, buying less than 80% of their estimated holiday adjusted going rate, nine accounts fewer than last week.
- PM's weekly share of 43.2 was even with the corresponding week year-ago. On a year-to-date basis through this week, PM holds 42.6% of total industry volume, +1.3 points above year-ago.

DEVELOPMENTS

Philip Morris

- The latest InfoScan supermarket data for the W/E 8/11/91 reports that Marlboro's share declined 0.3 points versus week-ago to 20.3%. Medium's share and distribution in scanning supermarkets remained flat versus last week at 1.3 and 73% respectively.
- The latest Nielsen data for July reported a 1.16 share for Marlboro Medium in its second month at retail, with distribution of at least one packing at 88%.

Competitive

- InfoScan indicates that the Price Value category declined 0.5 share points versus week-ago to 24.7%.
- The Price Value category according to Nielsen data, was virtually flat in July at 24.1 for the third consecutive month.
- In Maxi volume accounts selling at least 3,000 CPW, Audits through the W/O 8/19 indicate that:
 - Raleigh Extra continued to expand its \$1.50 discounting (coupons, stickers, buy-downs) to 40% from 27% the prior week.
 - Misty, which almost completely relied on incentives until now, has begun to utilize coupons at \$1.00 value in 7% of outlets.
 - Montclair which historically participated mainly in discounting up to \$1.00, reported a 10% incidence of \$2.00 discounts for the first time.
 - Pyramid's \$2.00 coupon coverage increased to 27% from 19%, its highest level to-date in Maxi volume accounts. Incidence doubled from 6% to 12% in InfoScan supermarkets W/E 8/4 indicating more wide spread usage.

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- Field Sales reported that RJR's sales force is involved in a unit volume drive for the balance of the year. We believe that \$30 million is being provided for this purpose. The magnitude of this unit drive can be described as:
 - Sales personnel are using a combination of price reduction vehicles- specifically coupons and straight price buy downs up to \$5.75, such as
 - Doral - \$5.00 coupon + 50¢ buy down
 - \$4.00 coupon + \$1.75 buy down
- RJR's stated objective is to achieve lowest store price.
- The activity is not limited to mega-volume outlets, nor to cartons. Field Sales reported that this activity showed up in numerous convenience store chains. Pack buy-downs to a 99¢ price on Doral is the most frequent activity noted.
- A significant increase in part time personnel is being utilized to support the sales force. In some geographies, one additional part time employee per sales representative has been reported.
- Although activity is not being reported in every section, it is geographically dispersed, suggesting that a distribution of significant resources has been made to local sales personnel to be used as they see fit.
- Brand is working with Finance and Sales in drafting a response to the RJR unit volume drive. Furthermore, Research is attempting to determine if there has been any increase in RJR promotional offers.

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